INFORMATION BULLETIN

2007-4

June 18, 2007

Québec Prescription Drug Insurance Plan
Premium Adjustment Rate

The basic prescription drug insurance plan introduced by the Québec government ensures all Quebecers fair access to the medication required by their state of health. Coverage under this plan is provided by the Régie de l'assurance maladie du Québec (RAMQ), or by insurers offering group insurance or administrators of private-sector employee benefit plans.

As a rule, all persons whose coverage is provided by RAMQ in a given year must pay, in filing their income tax return for that year, on the basis of their ability to pay, a premium to fund the Québec prescription drug insurance plan, of which they are beneficiaries. For the period beginning July 1, 2006 and ending June 30, 2007, the maximum amount of the annual premium is $538.

On July 1 of each year, the maximum amount of the annual premium must be adjusted, according to the rules stipulated by the *Regulation respecting the basic prescription drug insurance plan* (the "Regulation"), to reflect the increase in the costs of the prescription drug insurance plan for persons covered by the RAMQ.

Briefly, the Regulation stipulates that the adjustment must be made on the basis of the experience of the months from April to March of the fiscal year ending prior to the date of the adjustment, taking into account the increase in the costs of the plan and the expected costs resulting from changes to plan coverage.

Applying the rules stipulated by the Regulation, the adjustment rate as at July 1, 2007 would be 7.8%, which would increase the maximum annual premium from $538 to $580.

Early in February 2007, Québec adopted a four-pronged medication policy: access to medication, setting a fair and reasonable price for medication, optimal use of medication and maintaining a dynamic biopharmaceutical industry in Québec. This policy, which will be implemented over three years, proposes an integrated strategy to guide decisions and actions relating to medication, taking into account all the interests involved.

To enable persons whose coverage is to be provided by RAMQ to benefit this year from the expected effects of the medication policy, the adjustment rate of the maximum annual premium for the period beginning July 1, 2007 and ending June 30, 2008 will be 3.5% rather than 7.8%. Accordingly, the maximum annual premium for this period will be $557 rather than $580.

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Moreover, to allow for the ability to pay of persons whose coverage is provided by RAMQ, the amount of the premium payable by an insured person is calculated on the basis of his family income, from which the amount of the applicable exemption depending on his family situation is deducted. Among other things, this deduction makes it possible to exempt from paying the annual premium a person or a couple whose income consists solely of the old age security pension and the maximum amount of guaranteed income supplement paid by the federal government.

In addition, to ensure that the premium remains progressive, two contribution rates apply to an insured person's family income reduced by the amount of his exemption. The first contribution rate applies to the first $5 000 of income thus reduced and the second applies to the amount of such income in excess of $5 000.

The applicable contribution rates must be adjusted on July 1 of each year on the basis of a rate equal to the one determined under the Regulation to adjust the maximum annual premium.

Since the adjustment rate of the maximum annual premium for the period beginning July 1, 2007 and ending June 30, 2008 will be 3.5%, the various contribution rates applicable for the same period will also be adjusted by 3.5%.

The following table shows the contribution rates applicable for 2006 and 2007.

Applicable contribution rates for the purposes of calculating the premium for the prescription drug insurance plan
(2006 and 2007)

Contributable income brackets	2006(1)	As at January 1, 2007(2)	As at July 1, 2007(3)	2007(4)
First $5 000				
- Single person	5.49%	5.57%	5.76%	5.67%
- Person living in a couple	2.76%	2.80%	2.90%	2.85%
Over $5 000				
- Single person	8.25%	8.38%	8.67%	8.53%
- Person living in a couple	4.14%	4.20%	4.35%	4.28%

(1) Average contribution rates that were to be used for the purposes of calculating the premium for 2006.
(2) Contribution rates determined for the period from July 1, 2006 to June 30, 2007.
(3) Contribution rates determined for the period from July 1, 2007 to June 30, 2008.
(4) Average contribution rates that will be used for the purposes of calculating the premium for 2007.

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